# Provincial Department of Education
# Northern Province
## Third Term Examination – 2025

வணிகமும் கணக்கீட்டு கல்வியும்
**Business Studies & Accounting**

**Three Hours**

**Grade -11**

**60** **T** **I**

**Index No:**.....

**Reading time** *10* **Minuets**

- **Use the additional reading time to read the question paper, select the questions, and prioritize and organize the questions while writing the answers.**

**Instructions:**

I. **Answer all the question**

II. **For each of the questions from 1 to 40, choose the correct or most appropriate answer from the options numbered (1), (2), (3), and (4).**

- **Answer the question No 1 – 5 based on the following Case Study.**

Rameena, who has completed a diploma course related to women's garment designing, rented a building near an area in the main city where many government offices are located and started a business under the name **"Meena Tailors."**
She obtains various garment designs through the internet and designs clothes according to customers' preferences. She also procures the raw materials she needs from wholesale traders in Colombo.

1. Which one of the followings needs has been satisfied by Meena's Tailoring according to the above case
   (1) House (2) Cloths (3) Safety (4) Health

2. Meena's Tailoring is a
   (1) Partnership (2) Sole trader ship
   (3) Cooperative (4) In cooperated company

3. Strength of a Meena's tailoring is
   (1) Business is located in town
   (2) Can get different types of models through internet
   (3) Rameena got diploma in Textile designing
   (4) Locates near government office

4. Which of the following stake holders is not related to the above mentioned Case
   (1) Owner (2) Customer (3) Government (4) Supplier

5. Which of the following is an advantage of this business
   (1) Liability is being limited (2) There is legal personality
   (3) Survive in market (4) Easy to start

- Answer the question from No 6 -8 with using of following information.
  The well-known soap manufacturing company **"Star"** faced problems due to the entry of a new soap brand called **"Smart"** into the market. As a result, the Star Company decided to make changes to the quality, fragrance, and design of its soap

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6. Which external factor is effect on Star company
   (1) Suppliers (2) Competitors (3) Managers (4) Employees

7. Which of the following is a variable of Marketing mix mentioned the above case ?
   (1) Product (2) Price (3) Place (4) Promotion

8. Which management function is bolded in the above case
   (1) Organizing (2) Controlling (3) Leading (4) Planning

9. Which business is established under the democratic theory
   (1) Cooperative (2) Sole tradership (4) Partnership (4) State company

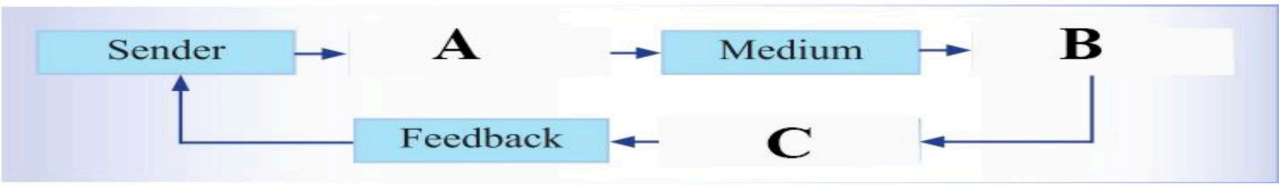
10. Following information are related to Current Account
    A. Transaction through cheque
    B. Receiving interest for deposit
    C. Availability of Over Draft Facility
    Select the appropriate statement relating to the above
    (1) A, B (2) B, C (3) A, C (4) A, B & C

11. Following are two statements related to cheque
    A. Cheque transaction can be made in saving account at commercial bank
    B. Crossed cheque cannot be enhanced to the bank counter
    Select the most appropriate statement
    (1) A only true (2) B only true
    (3) A. B are true (4) A, B only false

12. The usage of electric vehicles in Sri Lanka has increased due to the permission granted for vehicle imports.
    Which types of elements of transportation disclosed by the above statement?
    (1) Mode, way (2) Power, Medium
    (3) Terminal, Way (4) Mode, Terminal

13. Which is mention by insured in Insurance
    (1) The person who receive compensation
    (2) Third party
    (3) Insurance company
    (4) All the parties related to insurance

14. Following are the information process




A, B, C are respectively

(1) Receiver, Message, Response (2) Response, Sender, Message
(3) Message, Receiver, Response (4) Message, Receiver, Response

15. Which one of the following is incorrect related to trade?
    (1) Selling the goods for the ultimate usage is Retail trade
    (2) Price of final goods is increased due to the interference of Agents.
    (3) The trade take place within the boundary line of country is foreign trade
    (4) Import & export are the divisions of foreign trade

16. Maya planned to invest her money her savings in useful ways, Following factors are related to investment option
    1. High security in investment
    2. Low risk
    3. Can reimburse the invested money within 3 months

    Select the appropriate investment option to maya
    (1) Purchasing ordinary shares
    (2) Purchasing Treasury bill
    (3) Purchasing assets
    (4) Deposit in saving account

17. Select the transaction which will make the impact on Asset, Equity, & Liability
    (1) Owner drawings Rs 5000/- for his personal use
    (2) Paid to Creditors Rs 15,000
    (3) Bank loan installment paid Rs 50,000 included Rs 6000 interest
    (4) Cash received from Debtors Rs 5000

18. Following information are related to Sangeethas Business for the year 2024
    01.01.2024 Capital Rs 300, 000
    Revenue Rs 100, 000
    31.12.2024 Equity Rs 325, 000
    There is no any drawings made by Sangeetha in 2024. Expenses of Sangeetha's business in 2024 is
    (1) Rs 25 000 (2) Rs 75 000 (3) Rs 300 000 (4) Rs 725 000

19. Select the double entry for Increase in Credit, Decrease in Debit .
    (1) Electricity A/C, Debtor A/C
    (2) Building A/C, Bank loan A/C
    (3) Bank loan A/C , Creditors A/C
    (4) Received commission A/C, Insurance A/C

20. Following are the balances are taken from the Books of Gays Business as at 31st December 2024
    - Capital Rs 500000 (01.01.2024)
    - Sales Income Rs 100000
    - Commission Income Rs 25000
    - Expenses for the year Rs 50000
    - Drawing Rs 10000

    Owner equity on Gayas business as at 2024.12.31?
    (1) Rs 550000 (2) Rs 565000 (3) Rs 590000 (4) Rs 625000

➢ Answer the question No 22 & 23 with using of following information

A. Sales of goods on Cash basis Rs 40 000
B. Equipment purchase from Riyas on credit basis for business usage Rs 75,000

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21. Double entry for transaction A is
    (1) Cash A/C Dr – Rs 40000
        Sales A/C Cr - Rs.40000
    (2) Cash A/C Dr - Rs 40000
        Stock A/C Cr - Rs 40000
    (3) Sales A/C Dr - Rs 40000
        Stock A/C Cr - Rs 40000
    (4) Stock A/C Dr - Rs 40000
        Sales A/C Cr - Rs 40000

22. The source document & the prime entry book for transaction B is
    (1) Journal Voucher, General Journal
    (2) Purchase Invoice, Purchase Journal
    (3) General Journal, Purchase Invoice
    (4) Purchase Journal, Journal Voucher

23. Owner of a bakery took 10 loaf of bread for his own purposes. The primary entry document for entering this transaction is
    (1) General Journal
    (2) Purchase Journal
    (3) Sales Journal
    (4) Petty Cash book

24. Following are the purchase details in Purchase invoice
    5/40 Net 90
    Amount will be settled for getting 5% discount is
    (1) On or before 90 days
    (2) On or before 40 days
    (3) 40 – 90 Days
    (4) Within 50 days

25. The bank account balance is Rs 15,500 & Bank statement balance is Rs 16,000. Select the transaction
    (1) Bank charges is Rs 500
    (2) Bank directly received Investment income Rs 500
    (3) Insurance payment by Standing Order Rs 500.
    (4) Unrealized cheque Rs 500.

➢ Answer for the Q NO 26 – 27 using following information
The following shows how the Electricity payment of a business was recorded in the books
Electricity payment A/C - Dr Rs. 7500
Cash A/C Cr 7500 Rs 7500

26. By the above entry
    (1) The balance of the suspense A/C will be Rs 1500
    (2) Rs 1800 has been Over casted in the related Account
    (3) Debit & Credit Column of Trail balance is not tally.
    (4) Rs 1800 over casted in wrong side of electricity account

27. Double entry for correcting those error is
    (1) Cash A/C - Debit - Rs 1800
        Electricity A/C - Credit - Rs 1800
    (2) Electricity A/C - Debit - Rs 1800
        Cash A/C - Credit - Rs 1800
    (3) Electricity A/C - Debit - Rs 5700
        Cash A/C - Credit - Rs 5700
    (4) Cash A/C - Debit - Rs 7500
        Electricity A/C - Credit - Rs 7500

28. Following are the information related to Kalaivani Rice mill

Sales Closing stock Carriage inwards
Opening stock Purchase

Select the answer which are contain in Cost of good which are ready to sell

1. Opening stock + Purchase + Closing Stock
2. Opening stock + Purchase + Sales
3. Opening stock + Closing Stock + Purchase
4. Opening stock + Purchase + Carriage inwards

29. Total sales of Famitha business for the year 2024 is Rs 400,000 60% of this sale is on Credit basis, 50% of the money of credit sale was received, 10% of debtors was bad debt

The balance of Debtors & Bad debts in Profit % Loss statement as at 31st December 2024 respectively are,

(1) Rs 120 000 & Rs. 12 000 (2) Rs 108 000 & Rs 12 000
(3) Rs. 120 000 & Rs 12 000 (4) Rs 240 000 & Rs 12 000

➢ Answer the question No 30 & 31 with using of following information

The members of Valarmathy Sports Club are 200. The annual subscription per member is Rs100. Twenty members have not paid their annual subscription for the year ended 31-12-2024.

30. What is the subscription fee that should be entered in the Receipts and Payments Account for the year ended 31-12-2024?

(1) Rs. 22 000 (2) Rs. 2000 (3) Rs 20 000 (4) Rs 18 000

31. What is the subscription fee that should be shown in the Income statement for the year ended on 31.12.2024

(1) Rs. 22 000 (2) Rs. 18 000 (3) Rs. 20 000 (4) Rs 2 000

➢ Answer the question No 32 & 33 with using of following information

Aathithan started a cement pot business. The following are the transactions for the month ended 31st January 2024.

Direct Material cost Rs 90 000 Other Direct cost Rs 30 000
Indirect cost s 60 000 1000 Cement pot's has been produced in the month of January.
Wages for the production per pot is Rs 40

32. The prime cost is?

(1) Rs 120 000 (2) Rs 160 000 (3) Rs 180 000 (4) Rs 220 000

33. Production cost per pot is?

(1) Rs 120 (2) Rs 160 (3) Rs 180 (4) Rs 220

➢ Answer the question No 34 & 35 with using of following information

Following information are extracted from the trail balance of Sumanthiran business as at 31.12.2024

| Detail of trail balance as at 31.12.2024 | Amount | Amount |
|---|---|---|
| Furniture | 80 000 | |
| Provision for depreciation for furniture (01.01.2024) | | 16 000 |

Additional information

❖ Depreciation for furniture 10%

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34. The amount of depreciation to stated in income statement is
(1) Rs 8 000 (2) Rs 16 000 (3) Rs 24 000 (4) Rs 32 000

35. The amount of provision for depreciation for furniture in financial position statement is
(1) Rs 8 000 (2) Rs 32 000 (3) Rs 16 000 (4) Rs 24 000

➢ Answer the question No 36 – 40 with using of following information
Following are the details from the Accounts books of Rekas business as at 31.12.2024

| | Rs. |
|---|---|
| Sales…… | 400000 |
| Purchase…… | 200000 |
| 2024.01.01 Stock…… | 15000 |
| Carriage Inwards…….. …… | 5000 |
| Salary…… | 25000 |
| Insurance…….. | 10000 |
| Electricity Bill…….. | 10000 |
| Advertisement;……. | 15000 |
| Building;…… | 350000 |
| 2024.01.01 Provision for depreciation of Building…. | 70000 |
| Cash Balance ……. | 10000 |
| Debtors …… | 25000 |

Additional Information
- Depreciation for building 10% on straight line method
- Closing stock as at 31.12.2024 Rs 20,000

36. Cost of goods sold of the business as at 31.12.2024 is
(1) Rs. 215 000 (2) Rs. 220 000 (3) Rs. 205 000 (4) Rs. 200 000

37. Gross profit of the business as at 31.12.2024 is
(1) Rs. 200 000 (2). Rs. 195 000 (3) Rs. 180 000 (4) Rs. 185 000

38. Book value of building as at 31.12.2024 is
(1) Rs. 280 000 (2) Rs. 245 000 (3) Rs. 315 000 (4) Rs. 35 000

39. Aggregate Distribution expenses & Admiration expenses are

(1) Rs 15 000, ரூ 80 000 (2) Rs 15 000, Rs 75 000
(2) Rs 80 000, Rs 15 000 (4) Rs 45 000, Rs 50 000

40. The value of total asset as at 31.12.2024 is
(1). Rs. 300 000 (2) Rs. 245 000 (3) Rs. 55 000 (4) Rs. 20 000

(1 × 40 = 40 Marks)

**Part *II***

❖ Answer only five questions in total, selecting two questions from Part I including Question One, and two questions from Part II.

01) Answer question no 1 -10 with using the following case

Akash, a graduate in business, with no interest in obtaining government employment, started a self-owned business with the aim of being self-employed. Using easily biodegradable raw materials, he began a business that manufactures attractively designed handbags. He invested his own savings of Rs. 500,000 as capital and commenced the business on 01.01.2025 under the name **"Natural Products**". "On the same day, he obtained a loan of Rs. 200,000 from the Bank of Ceylon at an interest rate of 12% per annum and purchased a handbag-manufacturing machine using that money. As the government introduced a policy of charging for polythene bags, the demand for durable handbags suitable for daily use increased. As a result, Akash's business production increased and profits rose.

The transactions that took place during the month ended **31.01.2025** are as follows.

Material purchasing in cash Rs *180 000*
Material purchasing in Credit Rs *100 000*
Carriage inwards Rs *20 000*
Payment to creditors Rs *40 000*
Wages paid to employees Rs *100 000*
Telephone charges paid Rs *5000*
Distribution charges paid Rs *40 000*
Cash sales Rs *500 000*
Credit sale Rs *200 000*

Aka's sells their product with adding 20% of profit on it purchase price & decided to convert this business as In cooperated company

**Additional information**

❖ Telephone charges Rs2000 for the month of January 2025 till not paid.
❖ The depreciation for Non-current asset by 12% on straight line method

(i) (a) State the type of Natural product business based on Ownership
(b) State a strength & Opportunity for the above business
(ii) (a) Weather the Akas business is registered, State the reason
(b) Sate two stake holders mention the above case
(iii) (a) State the examples for following functions of management from the above case
(1) Planning (2) Organizing
(b) State example for following marketing mix variables from the above case
(1) Product (2) Price
(iv) (a) State two limitations of present business of Akas
(b) State two advantages obtain by Akas while converting the business as In cooperated companies
(v) State the basic accounting equation for the Natural products business as at 01.01.2025
(vi) The double entry for purchasing Machinery from the bank loan
(vii) (a) State two prime entry books maintain by Business of Natural product
(b) State transaction which are entered above mention prime entry book stated in question (a) base on the above case.
(viii) State the double entry for the following transaction with figures

(1) Accrued telephone charges

(2) Depreciation for Non-current Assets

(ix) Compute the cash balance of business of Natural product as at 31.01.2025

(x) (a) State two current liability with figures as at 31.01.2025.

(b) Compute the book value of Non-Current Asset of business of Natural product as at 3101.2025.

*(2 × 10 = 20 Marks)*

**Part I Business study**

**(Answer only two questions)**

1. (i) State two characteristics of State corporation *(02 Marks)*

(ii) State the following statements are true or false

(a) The main intention of suppliers is to get fair salary as stakeholders.

(b) Increases in fuel prices is related to economic environment.

(c) All the retail business are services providing business

(d) At present all the transaction will be made through electronic devices only *(02 Marks)*

(iii)Senthoori started a business selling school supplies near a school. The school supplies for that business are provided by Janaki's business.

(a) State two business environmental forces mention in the above case.

(b) State two factors of production mention in the above casė *(02 Marks)*

(iii) There is a trend to increase prices of goods and services in Sri Lanka for long term.

(a) Which is the economic environment factor to increase the general price level?

(b) What is foreign currency rate which is included in economic factor? *(02 Marks)*

***(08* Marks)**

2. (i) What is meant by services? *(02 Marks)*

(ii) State the following statements are true or false

(a) Minimum numbers of partners is two and maximum number of partner is unlimited in a partnership business

(b) Business organizations with a social welfare objective are operated solely by the government.

(c) Incorporated companies collects capital through issuing shares.

(d) In internal communication, the distance between the sender of information and the receiver of Information is relatively small *(02 Marks)*

(iii) Three friends who work as chartered accountants plan to join together and start an accounting firm With the help of accounting-related software

(a) Which is the most suitable form of business organization that you would recommend to the above-Mentioned three friends

(b) State one advantage and one disadvantage found in the form of business organization mentioned in Part (a) above. *(02 Marks)*

(iii) The factors to differentiate whole sale trade and retail trade are purpose of buying.

(a) What is retail trade?

(b) State two characteristic of whole sale trade. *(02 Marks)*

***(08* Marks)**

3. (i) State two factors to be considered for selecting an investment plan . *(02* Marks)

(ii) State the following statement are true or false

(a) For a company that decorates brides, the most suitable mode of transport for importing special types of flowers from abroad is air transport

(b) The interest for fixed deposit will be provided monthly or yearly basic

(c) Pawn broking institutions have the right to insure the items that are pledged

(d) Producing goods and services in order to satisfying needs and wants is marketing. *(02* Marks)

(iii)Raja is an entrepreneur who runs a business. He opens a current account in a commercial bank and carries out transactions through cheques.

(a) What is meant by the term of crossing in cheque

(b) State the types of crossing. *(02* Marks)

(iv) Investment plays a major role in the economic growth of the country

(a) What is meant by the term of shares issued by the company limited?

(b) State two advantages for investing in treasury bills.

*02* Marks)

***(08* Marks)**

## Part *II* Accounting

**(Answer only for two questions only.)**

02) i) (a) What is accounting

(b) Give two characteristics of Assets *(02* Marks)

ii) Observe the following information's

| | |
|---|---|
| (a) Capital | (e) Electricity bill |
| (b) Furniture | (f) Sales |
| (c) Bank loan | (g) Accrued expense |
| (d) Stock | (h) fixed deposit interest |

**Required** :

Classify the following Accounts into Asset, Liability, Equity, Income, Expense *(02* Marks)

iii) The following are the transactions of the bookshop for the month ended 31 March 2025.

1. Books purchased on Credit Rs 30000
2. Rs 200,000 worth of books sold for Rs 35,000
3. Payment for Creditors Rs 10000
4. Owners Drawings Rs 1000

**Required** :

Explain how each of the above transactions will affects the accounting equation.

Consider the following equation while answering

Assetṡ (Rs) = Equity (Rs) + Liability (Rs)

*(04* Marks)

iv) Following are the Petty cash transaction of Sangeetha business for the month ended on April 2025

2025.04.01 Balance of Petty cash Rs 500

2025.04.01 Reimbursement amount Rs4500

Following are the petty cash expense of April 2025

- Transportation Rs 1300
- Postal Rs1000
- Stationary Rs 750
- Miscellaneous Rs1250

The petty cash reimbursement is made on the first day of each Month

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**Required**

1. Total payment made by the petty cashier on March 2025
2. Prepare ledger account to show how the postage expenses incurred on April 2025 general ledger.
3. Balance of the petty cashier on 30th of April 2025.
4. What is the reimbursement amount of this business *(04 Marks)*

*(12 Marks)*

*03)* i) (a) What is mean by Bank Statement?

(b) State two examples of debits in a bank statement *(02 Marks)*

ii) Following are the details of Credit purchase of the Ramanan business on April 2025

| Date | Invoice No | Supplier name | Description | Other Information |
|---|---|---|---|---|
| 2025.04.10 | A - 10 | Ratha | 100 Shirts for each at Rs 400 | Trade Discount 10% |
| 2025.04.20 | B - 05 | Raathika | 20 Shirts for each at Rs 6=500 | – |

**Required**

Purchase Journal for the month ended on April 2025 *(02 Marks)*

iii) The Debit bank balance of Suganyas business on 31st of October 2025 is Rs 20000 but the bank statement balance of that date is not tallied with the bank account balance. Following are the reasons was found after that

1. Standing Order payment Rs 5000
2. Unrealized cheque Rs 6000
3. Un presented Cheque Rs 3000
4. Direct deposit by Debtors Rs 1000

**Required**:

(a) Adjusted bank account for as at 31st October 2025

(b) *Bank Reconsillation Statemnt as at* 31st October 2025 *(04 Marks)*

iv) The credit side of the trail balance of Sutha's Business was deficient by Rs 1000, following error was founded after the inspection

- Electricity payment Rs 1000 was entered twice time in electricity payment account
- Sales invoice of Rs. 2,000 were omitted from the accounting records.

**Required**:

(a) Prepare the journal entry to correct the above errors

(b) Suspense Account *(04 Marks)*

*(12 Marks)*

04) i) Following are the Payment & Receipt Account of Kalaimagal Community center for the year ended on 2025

Payment & Receipt Account

| | | | |
|---|---|---|---|
| Cash Balance | 10000 | Stationaries | 4000 |
| Subscription | 50000 | Transportation expenses | 6000 |
| Donations | 3000 | Festival expenses | 1000 |
| Government grant | 2000 | Electricity charges | 2000 |
| | | C/D | 52000 |
| | **65000** | | **65000** |

Additional Information

- Annual subscription for a member is Rs2000, 10 members were not settled subscription for the year ended on 31st of December 2025.
- The accrued transportation expenses were Rs 1000 for the year

**Required**:

- Prepare the income statement of Kalaimagal Community Center for the year 31.12.2025*(04* Marks)

ii) The trail balance of Sumathy business as at 31st December 2025

| | **Debit (Rs)** | **Credit(Rs)** |
|---|---|---|
| Land & Budling (Cost) | 200 000 | |
| Delivery van (Cost) | 300 000 | |
| Accumulated depreciation Delivery van 01.01.2025 | | 60 000 |
| Purchase | 200 000 | |
| Sales | | 340 000 |
| Stock on 2025.01.01 | 60 000 | |
| Received discount | | 5000 |
| Allowed discount | 3000 | |
| Bank loan 8% | | 100 000 |
| Bank loan interest | 5000 | |
| Carriage inward | 5000 | |
| Electricity charges | 2000 | |
| Bad debts | 2000 | |
| Debtors | 71 000 | |
| Creditors | | 40 000 |
| Salary to administration employees | 27 000 | |
| Cash balance | 40 000 | |
| Capital as at 2025.01.01 | | 370 000 |
| | 915 000 | 915 000 |

Additional information

1. Stock on 2025.12.31 Rs 50000
2. Deprecation for delivery van by 10% on straight line method
3. Bad debts 2000/- from debtors

**Required**:

(a) Income statement for the year ended on 2025.12.31 *(04* Marks)

(b) Financial statement as at 2025.12.31 *(04* Marks)

*(12* Marks)

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